

Report to Budget and Corporate Scrutiny Management Board

8 May 2025

Subject:	Update on the Council's funding of the local Voluntary and Community Sector
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1 Recommendations

- 1.1 That the Board considers and comments upon this update on the Council's funding of the local Voluntary and Community Sector.

2 Reasons for Recommendations

- 2.1 The Board have requested this report as part of their work programme for the current municipal year and the role of scrutiny is to consider, challenge and review such information with a view to realising assurance and/or making recommendations for improvement.

3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	The activities detailed within this report will support the delivery of all of the Strategic Themes in the Council Plan 2024-2027, as the council funds grant programmes in all areas of the council's work. The improvement in
Living in Sandwell	

Thriving Economy in Sandwell	governance and alignment of resources towards the Strategic Themes will contribute to achieving the One Council One Team priority through the delivery of a sustainable financial strategy as well as embedding clear and transparent decision making.
Healthy in Sandwell	
One Council One Team	

4 Context and Key Issues

- 4.1 Sandwell has a strong voluntary and community sector (VCS) which contributes significantly towards the improvement of lives of citizens on a daily basis. The Council has long recognised the importance and value of the VCS and, in contrast to some local authorities, did not seek to reduce its funding commitment to the sector during the years of austerity and financial restraint under the previous government. As such there had not been a corporate review of the approach taken to the funding provided to the VCS for a long time.
- 4.2 An independent review of the way that the council funds the local VCS was commissioned and commenced in September 2024. This review was an integral part of aligning the council's activities with the strategic goals outlined in the Council Plan 2024-2027 and supporting the Medium-Term Financial Strategy.
- 4.3 This was a wholesale review of the level of funding awarded by the council to VSC organisations in the Borough, how it is allocated and the outcomes achieved from that funding. Through this review, the council sought an evaluation of the value for money achieved by the current approach, along with recommendations on how to improve the efficiency and effectiveness of grant administration and allocation of funding across the council. The findings of the review were to aid with the development of a new model of delivery closely aligned to the strategic outcomes of the council, the new Sandwell Place Vision and one that recognises the current and future demographics of the communities of Sandwell and the challenges that they will face.
- 4.4 The review was undertaken by Trueman Change, an external organisation with experience of conducting evaluation and reviews of public and voluntary sector organisations. Through the review Trueman Change conducted a comprehensive document review and sought the views of multiple stakeholders from the council and the local VCS. In total, the review captured over 130 responses through surveys, focus groups and one-to-one interviews during Autumn 2024.

- 4.5 The review concluded in December 2024 and has made a number of recommendations that provide a pathway to establish a corporate One Council approach to the commissioning and grant funding of the local VCS. These recommendations were reported to the Cabinet meeting held on 9 April 2025.

Review Findings

- 4.6 Through an analysis of the grant funding administered by Sandwell Council in 2023/24, the review found the following key headlines:

- Overview: 269 grants were administered in this period totalling £11,371,040
- Funding sources: 25 different funding streams were identified, with the main sources were Public Health Grant (£2.9m, 25%), General Fund (£2.2m, 23%) and DfE Holiday Activity Fund (£1.9m, 16%).
- Awarding process: 55% of grants were awarded following an open application process, 20% were direct awards, with the remaining 25% of grants being 'recurring' and issued to the same organisations in receipt of funding for over 10 years.
- Value: the range of grant values varied significantly, from £490 to £510,000 per year. The majority (49%) of grants were under £20,000 per year.
- Duration: this ranges from two months to three years, with the majority (42%) of grants awarded for 12 months.
- Allocation: 32% of grants are for those organisations in receipt of multiple grants, with 50% of the overall grant funding awarded to ten organisations operating in the borough.

- 4.7 From the review of the council's grant programmes, documentation and feedback from stakeholders, the findings from the review can be summarised into the following broad themes:

- Application and monitoring processes need to be streamlined and simplified, ensuring transparency in decision making and providing clarity on whether larger value programmes should be funded through contracts rather than grants
- Governance arrangements should be strengthened to ensure grant programmes are aligned to the strategic priorities set out in the

Council Plan 2024-27 and that there is a 'whole council approach' to eliminate duplication of commissioning and grant funding

- Administration costs included within grant programmes could be reduced or eliminated by the council taking full advantage of the newly implemented Grant Management System and bringing this activity in-house
- Where organisations have been in long-term receipt of funding and should be well established to secure funding from other sources, there is opportunity to review the financial support provided by the council to determine if there are appropriate alternatives. Council funding could be redirected towards 'seed funding' groups and organisations supporting new and emerging communities.

4.8 The analysis of the grant allocations and the findings set out above show that there are opportunities for the council to improve its internal governance processes and the way it funds the local VCS to support our communities. In doing so this will further strengthen the relationship between the council and the sector in Sandwell.

Action to address the Findings

4.9 The external review made a number of recommendations that provide a pathway to establishing a corporate 'One Council' approach to the commissioning and grant funding of the voluntary and community sector operating in Sandwell. This section sets out what the council has already done in response to the recommendations, and what further action it will take.

4.10 The council has already established stronger internal governance arrangements around the commissioning of grant programmes to provide greater corporate oversight and collaboration across the organisation. A Corporate VCS Grants Board has been established to provide a 'check and challenge' approach to grant programmes before they are commissioned. This will ensure that all opportunities for collaboration and improvement have been identified and the impact of decisions has been considered. This Board is chaired by the Assistant Chief Executive with representation from across the council to facilitate a 'one council' approach to commissioning grant programmes.

4.11 All grant programmes will be reviewed to ensure the desired outcomes align with the council's strategic priorities and the needs of our communities, whilst ensuring that we are achieving the best possible value for money for our residents. The outcomes of these reviews will be

reported to the VCS Grants Board to ensure corporate oversight of the recommendations and impact of the decisions. Initially, those grants ending in 2025 are being reviewed and the organisations within scope have been or will be contacted directly at the appropriate time. All grant programmes will be subject to this governance process over time.

4.12 The review recommended that the council should adopt and publish principles that should be applied to future decisions in respect of grant funding to provide clarity and consistency to all involved. Based on the findings of the review and the recommendations made, it has been agreed that the Council will adopt the following principles which align to the Sandwell Compact and the Voluntary & Community Sector Funding Protocols:

- All grant programmes will be aligned to the strategic priorities set out the Council Plan 2024-27 and Vision 2030
- Grants will be awarded through an open application process, however direct awards can be made where there is demonstrable evidence that this represents best value, such as where there are sole providers, culturally sensitive needs or grant programmes are time sensitive.
- Grants will be awarded for a maximum period of three years in line with the Sandwell Compact to provide stability and certainty of funding to VCS organisations. Shorter funding periods may be applied where appropriate, such as where programmes are funded from external sources or are for short-term activities.
- Where the total value of programmes is above £150,000 then this should be commissioned through a contracting process in line with the council's Procurement & Contract Procedure Rules, unless there are specific conditions attached to the passporting of grant funding through the council, or there is demonstrable evidence that a grant would deliver better value for money than a contract.

4.13 The council is currently implementing an online Grant Management System which will support streamlined application and monitoring processes, as well as improving access to management information and oversight of grant programmes administered across the council. The external review recommended that the council maximise the opportunities for efficiency offered by the Grant Management System, enabling officers to spend more time supporting commissioners and VCS organisations. The review also recommended that the council review our approach to monitoring grants, taking a proportionate approach to activity based on

the financial value of grant programmes. This will be built into the updated business process once the Grant Management System is fully implemented.

4.14 The external review identified two areas of grant funding where specific focus work was recommended to ensure the outcomes aligned to the Council Plan 2024-2027 and were delivering value for money. The council now needs to undertake further work to determine how these recommendations could be implemented in practice:

- Review administration or management fees included within grants to determine the best value approach
 - A number of current grant programmes are managed and administered by VCS organisations on behalf of the council for a fee over and above the funding for local programmes. These arrangements were put in place to support the council's limited capacity at the time to manage such grant programmes.
 - This arrangement now needs reviewing in the context of the implementation of the Grant Management System and subsequent streamlining of application and monitoring processes to determine whether this approach continues to offer value for money. An alternative option could be to bring this activity in-house, which would also bring greater accountability and transparency in the allocation of grant funding.
 - The underlying principle of this approach is that any reduction in management or administration fees would not prevent funds going directly to local communities and groups.
- Conduct a detailed review of the current advice services funded by the council to identify any areas for consolidation and improvement
 - The council currently spends a total of £1.097m per year on advice services from the VCS, which represents around 10% of the overall funding given to the sector by and through the council.
 - The external review identified areas of potential duplication in delivery of advice services across the organisations in receipt of funding as well as by the council's own Welfare Rights Team. There is no doubt that the work of these organisations on the ground in local communities is valued, but there is a clear need to consider the best value principle in respect of the funding of advice services in the future.
 - A specific review into the advice services grant programme has commenced, and all the organisations in receipt of grant

funding for this programme have been informed and are involved in the review.

- 4.15 Regular updates on the progress of addressing the findings of the external review will be made to the Cabinet Member for Finance and Resources. Any changes to grant programmes or funding arrangements as a result of the reviews discussed above will be subject to an Equality Impact Assessment to ensure that decisions take into account the wider impact on the organisations and the communities they support.
- 4.16 A further report will be presented to Cabinet in Autumn 2025 to provide an update on progress in addressing the findings of the review.

5 Implications

Resources:	<p>Proposals in respect of streamlining processes and procedures will be managed within existing team resources. Where capacity is released through more efficient practices, this will be redirected to more value-added activity such as supporting commissioners and VCS organisations in the design and administration of grant programmes as well as identifying additional external funding to apply for. Therefore, there are no direct financial implications of this activity.</p> <p>6Where reviews of grant programmes identify changes to funding allocations, this will be reported to the Corporate VCS Grants Board for oversight and onward reporting to Strategic Leadership Team. The VCS Grants Board has representation from Finance to ensure reduction or increase in grant funding for programmes is captured and aligned to the existing budgets. Senior Officers (Directors) retain responsibility for the allocation of funding in line with the budgets set by the Council</p>
Legal and Governance:	<p>The Voluntary and Community Sector Funding Protocols form part of the Council's Constitution at Part 4 – Rules of Procedure. Any changes to the Constitution must be considered by the Governance & Constitution Committee before it can be adopted by Full Council.</p>
Risk:	<p>The key risks associated with the activity set out in this report are as follows:</p>

	<p>Reputation – should the council not implement improvements to the way it funds the VCS in Sandwell after the external review has sought out the views of the sector, then there will be a negative impact on the council's reputation. This could lead to a reduction in trust, and potentially VCS organisations not wishing to work with the council and support communities in need. Therefore, it is imperative that the council continues to learn from the review and seeks to implement improvements in governance, alignment of funding to priorities and transparency.</p> <p>Financial – the review identified areas of potential reduction to current grant programmes where they are not delivering best value or where there is duplication of funding. Without implementing the recommendations of the review, the council would be at risk of allocating resources inefficiently and not achieving the financial targets set in the Medium-Term Financial Strategy and Budget.</p>
Equality:	The actions set out in this report focus on strengthening governance and oversight arrangements of existing processes and procedures. Where reviews of current grant programmes result in a change of approach, an Equality Impact Assessment (EIA) will be conducted in each case to ensure that the full impact on the organisation and the community it supports is taken into consideration before a decision is made. The Corporate VCS Grants Board will ensure that EIAs are conducted before approval is given for grant programmes to proceed.
Health and Wellbeing:	There are no direct implications arising from this report
Social Value:	There are no direct implications arising from this report
Climate Change:	There are no direct implications arising from this report
Corporate Parenting:	There are no direct implications arising from this report

6 Appendices

N/A

7. Background Papers

“Review of Sandwell Council’s Funding of the Voluntary and Community Sector” – Trueman Change, December 2024